

Message Text

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 AF-04 EB-04 NSC-05 NSCE-00
CIAE-00 SP-02 IO-06 TRSE-00 OMB-01 L-01 H-01
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R 241115Z JUN 77
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 4699
INFO AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY KUWAIT
AMEMBASSY JIDDA

C O N F I D E N T I A L KHARTOUM 2117

LIMDIS

E.O. 11652: GDS
TAGS: ETRD, SU, KU
SUBJECT: ARAB BOYCOTT: ARAN FINANCIAL INSTITUTION BRINGS BOYCOTT
TO SUDANESE PROJECT

BEGIN SUMMARY: NEW TYPE OF ARAB BOYCOTT PROBLEM ARISING AS
CO-FINANCOR OF SUDANESE PROJECT--KUWAIT FUND--REFUSES TO CONCUR
IN SELECTION OF BOYCOTTED AMERICAN FIRM. IDA IS CO-FINANCOR
AND INTERESTED AMERICAN FIRM PROBABLY WILL ASK FOR DEFINITION
OF IBRD POLICIES ON BOYCOTT. IRONICALLY, SUDAN DOES NOT BOYCOTT
FORD AND DE-EMPHASIZES BOYCOTT. WITH LARGE ARAB INVESTMENT
PLANS FOR SUDAN, THIS BOYCOTT DEVELOPMENT COULD HAVE SUBSTANTIAL
IMPLICATIONS FOR US TRADE WITH SUDAN. NON-ARAB AFRICAN RECIPIENTS
OF ARAB ASSISTANCE COULD ENCOUNTER SAME PROBLEM OF HAVING RIGID
BOYCOTT POLICIES FORCED UPON THEM. END SUMMARY.

1. FORD MOTOR COMPANY HAS JUST ENCOUNTERED BOYCOTT PROBLEM WITH
TENDER OF TRACTORS FOR RAHAD AGRICULTURAL PROJECT. KUWAIT FUND
HAS OBJECTED TO SELECTION OF FORD AS SUPPLIER OF EIGHT HIGH-
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POWER TRACTORS FOR PROJECT. IDA AND KUWAIT FUND ARE CO-
FINANCING TENDER. KUWAIT FUND REFUSED TO CONCUR IN AWARD OF
TENDER TO FORD ON BASIS OF ARAB BOYCOTT. FORD WAS LOW BIDDER AND
RECEIVED RECOMMENDATION OF TECHNICAL COMMITTEE AND ENDORSEMENTS
BOTH BY RAHAD PROJECT MANAGERS AND CONSULTANT. FORD RECEIVED
CABLE FROM IDA INDICATING THEIR CONCURRENCE IN SELECTION OF FORD.
HOWEVER, FORD OFFICIALS HAVE BEEN RELIABLY INFORMED THAT KUWAIT

FUND REFUSED TO GIVE ITS CONCURRENCE AS CO-FINANCOR.

2. KUWAIT FUND IS ALSO CO-FINANCOR WITH IDA ON ANOTHER TRACTOR TENDER ON SAME PROJECT FOR TWO HUNDRED 70-80 HORSEPOWER TRACTORS WORTH MORE THAN ONE MILLION US DOLLARS. FORD BELIEVES THAT THEY ARE ODDS ON FAVORITES IF BOYCOTT OBSTACLE CAN BE CLEARED. HOWEVER, THEY HAVE NOT RECEIVED DOCUMENTS INDICATING THEIR RECOMMENDATION BY TECHNICAL COMMITTEE OR ENDORSEMENT BY PROJECT MANAGER AND CONSULTANT. FOR THIS REASON, FORD IS RESTRICTING ITS CURRENT REPRESENTATIONS ON RAHAD TENDERS TO HIGH-HORSEPOWER TRACTORS WHERE BOYCOTT QUESTION HAS CLEARLY EMERGED FROM BACKGROUND OF COMMERCIAL AND TECHNICAL CONSIDERATIONS.

3. FORD INTENDS TO SEND LETTER TO DIVISION CHIEF, PROGRAM DEPARTMENT, EAST AFRICAN REGION OF IBRD TO ASK ABOUT IDA POSITION ON BOYCOTT. FORD DOES NOT BELIEVE THAT REPRESENTATIONS CAN USEFULLY BE MADE TO SUDAN GOVERNMENT BOTH FOR TACTICAL REASONS CONCERNING ONGOING SALES OF FORD PRODUCTS TO SUDAN AND LIKELIHOOD THAT SUDAN WOULD NOT BE ABLE TO ALTER POSITION OF KUWAITIS. FORD REPRESENTATIVE DID NOT RPT NOT ASK FOR ANY USG INTERVENTION OR REPRESENTATIONS ON THIS ISSUE.

4. AID--ALTHOUGH THEY HAVE EXTENDED LOAN TO RAHAD--IS NOT INVOLVED WITH PROCUREMENT ON FINANCING OF THIS SEGMENT OF PROJECT.

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5. COMMENT: THIS TYPE BOYCOTT PROBLEM IS NEW PHENOMENON FOR SUDAN AND MAY BE REPEATED HERE AND IN OTHER COUNTRIES RECEIVING FINANCIAL ASSISTANCE FROM WEALTHY ARAB STATES. PARTICULAR IRONY IS THAT SUDAN HAS NO PROBLEM IN DEALING WITH FORD AND GENERALLY SEEKS TO DE-EMPHASIZE ARAB BOYCOTT OF ISRAEL IN ITS TRADE AND INVESTMENT POLICIES. EMBASSY FEARS THAT INJECTION OF MORE RIGID PENINSULA BOYCOTT POSITIONS WILL RESULT FROM HEAVY INVOLVEMENT OF ARAB FINANCIAL INSTITUTIONS IN SUDANESE AGRICULTURAL AND INFRASTRUCTURE FINANCING. PLANNED ARAB INVESTMENTS IN SUDAN FOR NEXT TEN YEARS ALREADY EXCEED SIX BILLION US DOLLARS. IN THIS SITUATION, WE FEEL THAT THIS BOYCOTT DEVELOPMENT COULD HAVE SUBSTANTIAL IMPLICATIONS FOR US TRADE WITH SUDAN. SIMILARLY, SAME TYPE OF PROBLEM COULD OCCUR IN NON-ARAB AFRICAN STATES WHO ARE RECIPIENTS OF ARAB ASSISTANCE.

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Message Attributes

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Sent Date: 24-Jun-1977 12:00:00 am
Decaption Date: 22 May 2009
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